

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 96-0230**  
**Indiana Corporation Income Tax**  
**For The Tax Periods: 1990 through 1993**

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**ISSUE**

**Indiana Corporation Income Tax:** Gross Income Tax

**Authority:** IC 6-2.1-2-1

Taxpayer protests amounts included in gross receipts.

**STATEMENT OF FACTS**

Taxpayer rents and leases audio/visual equipment that is primarily used for meetings, conferences, and conventions. Taxpayer primarily services hotels and convention centers. Taxpayer rented audio/visual equipment to hotels located in Indiana.

Additional facts will be provided when necessary.

**DISCUSSION**

Taxpayer protests amounts included in gross receipts. Taxpayer contends that these amounts were never received as income. Taxpayer tracks the gross billings of hotels to its customers to determine the amount of services that it needs to bill the hotel. Taxpayer argues that receipts to the hotel by hotel customers were included in taxpayer's gross receipts. The taxpayer asserts that the hotel bills its customers. The taxpayer then reviews hotel invoices each month to determine how much to bill the hotel for use of its equipment. The hotel retains a portion of what it receives from the customer and the remainder passes to the taxpayer when the taxpayer bills the hotel. Taxpayer argues that the inclusion of these receipts is inappropriate because the amounts received by the hotel are not income received by the taxpayer. To the extent that these amounts are paid to the hotel and not the taxpayer, these receipts should not be included in taxpayer's

gross receipts. Taxpayer provides a schedule illustrating the amounts that were reported in audit and what it believes to be the proper amounts.

**FINDING**

Taxpayer's protest is sustained to the extent that taxpayer can show that the portions of income included in gross receipts were not received by the taxpayer.